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Algeria ... 8.00 Dr. din ... 115 Rials Oman ... 1.000 Rials
Austria ... 22.5 Dr. sch ... 1.000 Lire Costa Rica ... 1.000 Esc.
Bahrain ... 0.000 Dr. Rial ... 1.000 Lire Cuba ... 8.00 Reales
Belgium ... 50.00 Fr. Belgian ... 500 Fr. Peso of Ireland ... 75 P.
Canada ... C.1.000 Kona ... Sh. 20.00 Saudi Arabia ... 7.00 R.
Cyprus ... C.0.000 Kona ... 500 Fr. Spain ... 145 Pesos
Denmark ... 11.00 Dr. Dansk ... 1.000 Dr. Sweden ... 8.00 Kr.
Finland ... 8.50 Dr. Mestari ... 150 Dr. Tunis ... 0.700 Dr.
France ... 7.00 Fr. Morocco ... 9.00 Dr. Turkey T.L. 1.000 Dr.
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**R PARIS, TUESDAY, JANUARY 12, 1988

Court Tells Amoco To Pay \$85 Million For 1978 Oil Spill

The Associated Press

CHICAGO — A federal judge ordered Amoco Corp. on Monday to pay \$85.2 million in damages from the wreck of the supertanker Amoco Cadiz, which spilled 63 million gallons of oil off the Brittany coast nearly a decade ago.

Judge Frank McGarr of the U.S. district court, who ruled in 1984 that the Chicago-based Amoco Corp. was liable for the oil spill on March 16, 1978, heard more than a year of testimony before determining damages in the second phase of the trial.

Besides France, the plaintiffs in-

cluded 90 villages, associations of oystermen and fishermen, environmentalists and property owners, and a small third group of plaintiffs.

"The claims by the plaintiffs were almost always seriously and greatly exaggerated," Judge McGarr said in announcing the damages. "They reasoned the best way to get what they were entitled to was to ask for three, four, five times what the claims should have been — and that's what they did."

Judge McGarr said that about four-fifths of the award would go to the French state because it already paid most of the bills for the clean-up.

Judge McGarr said that \$39.7 million of the \$85.2 million awarded was interest.

The French state initially sought \$466 million in damages, while the 90 plaintiffs sought \$695 million at current exchange rates, attorneys said.

Attorneys for Amoco immediately said they would appeal.

Attorneys representing the 90 plaintiffs also said they would appeal the ruling.

"We're very confident the court of appeals will recognize that many of the things the judge called theoretical are indeed compensable," said Barry Kinham, an attorney for the plaintiffs.

In France, officials said they were disappointed with the amount of the award.

Elected officials and other members of a group set up to coordinate damage claims gathered in Ploumeneac, a town of 5,000 people near the western tip of Brittany, to await the ruling in Chicago.

"We had placed our confidence in the hands of Judge Frank McGarr," said Vincent LeMoigne, mayor of Portlouis, one of the hardest-hit coastal villages. "For Standard Oil," he said, "this drop of black gold really doesn't cost very

much."

In Paris, Environment Minister Alain Carignon said he "could not fail to regret that the plaintiffs other than the government have not received indemnifications corresponding to their demands."

The 220,000 metric tons of crude oil that gushed from the Amoco Cadiz destroyed marine life and blackened beaches along most of Brittany's northern coastline, depriving 90 towns and villages of much of their livelihood through tourism, fishing and harvesting shellfish.

Within two years, most of the marine species present before the disaster had returned. After the initial cleanup, the authorities used bacterial agents to break down the residues of crude oil.

Officials from 10 French villages attended Monday's hearing, including deputy Mayor Andre Rose from Brest, a city near the spill.

"We are a little bit disappointed because we thought the damage caused to Brittany we estimated justly," Mr. Rosec said. "We

See SPILL, Page 2

Kiosk

North Korea To Skip Games

TOKYO (AP) — North Korea said Tuesday it will not participate in the 1988 Olympic Games to be held in South Korea, the North Korean Central News Agency reported.

The report, monitored in Tokyo, said the North Korean Olympic Committee issued a statement on Tuesday that said:

"Under the current circumstances, there is no possibility for us to present application for the participation in the 24th Olympic Games."

A policeman checking the trunk of a car outside the Paris courthouse where 20 alleged extremists went on trial Monday. — Page 5.

General News
The U.S. Supreme Court said the government is not liable for deaths and diseases allegedly linked to nuclear tests. Page 2.

Sports
Denver defeated Houston, 34-10, and will play Cleveland for the American Football Conference title on Sunday. Page 15.

Dow Close
The Dollar
In New York
DM 1.6405
Up 33.82
Pound 1.6185
Yen 128.45
FF 5.5388

U.S. Gulf Policy Faces Test After Early Success

By Patrick E. Tyler
and Jonathan C. Randal
Washington Post Service

KUWAIT — After a shaky beginning, the Reagan administration's six-month naval deployment to the Gulf has lifted U.S. credibility in the region, and secured safe passage for a portion of Kuwaiti petroleum exports under the U.S. flag.

But Arab leaders and Western officials interviewed in Gulf capitals warn that U.S. policy in coming months faces a critical test of whether it can contain the still rising level of violence in the "banker war" between the region's tireless beligerents, Iran and Iraq.

As Defense Secretary Frank C. Carlucci returns to Washington to report to President Ronald Reagan on a 10-day inspection tour of the U.S. fleet and a round of consultations with Gulf and European leaders, a number of Arab officials are pressing the United States to expand its mission to protect all naval shipping that transits the vital Strait of Hormuz from increasingly ferocious Iranian gulffront attacks.

Mr. Carlucci appears to discount an expanded U.S. role and rejected any suggestion that the United States should become the "policeman of the high seas."

Yet, some U.S. naval commanders have told officials that they want to be "unleashed." They say they have the forces and capability to intervene and stop Iranian aggression along the 550-mile (900-kilometer) waterway, a step that would put the United States in direct confrontation with Iran and probably prompt another war powers debate in Congress during this presidential election year.

For the moment, Washington appears intent on limiting the U.S. commitment to escorting 11 re-

flagged Kuwaiti tankers while separately pursuing a United Nations Security Council consensus to enforce its July 20 cease-fire resolution.

Debate on that resolution has entered its most difficult phase at UN headquarters in New York, where council members must win votes from the Soviet Union and China to impose an arms embargo against Iran for failing to abide by the cease-fire call.

Thus, U.S. policy remains heavily

See GULF, Page 2



Michel Lipchitz/The Associated Press

A trader shouting an order on the floor of the Paris Bourse, whose price indicator fell 2.83 percent on Monday in reaction to Friday's sharp drop on Wall Street.

Europe May Be Loser in World Economic Squeeze

By Reginald Dale

International Herald Tribune

SCHOOL OF ADVANCED STUDIES IN SOCIAL SCIENCES AND A SENIOR EDITOR OF ECONOMIC POLICY

PARIS — Shock waves from the international economic and financial upheavals of recent months could hit Western Europe harder than the rest of the developed world if its governments do not take evasive action, according to a wide range of private analysts and international officials.

As the West struggles to regain its economic balance, the fear is that a stagnating Europe could find itself painfully squeezed between a newly competitive United States and the booming nations of East Asia.

The European countries could still accelerate out of trouble by expanding their economies, in the view of many nongovernment experts. Most governments, however, are reluctant to do so.

"European economic statesmen are not facing up to the challenge of the declining dollar and Asian competition, and I don't see the leadership to address that challenge," said Georges de Menil, professor at Paris's School of Advanced Studies in Social Sciences and a senior editor of Economic Policy.

If the European companies are forced to reduce production, or move their operations to lower-cost locations abroad, European unemployment, which is already high, will rise further.

At the same time, according to the Paris-based Organization for Economic Cooperation and Development, Europe is likely to face increasingly severe balance of payments problems.

As the U.S. deficit declines, the European surplus on external account is expected to fall from more than \$50 billion in 1986 to around zero by next year, reflecting both the drop in the dollar and the relatively slower growth in the United States, the OECD said last month in its latest Economic Outlook.

"The lower the U.S. growth rate, the worse Europe will be hit" by the loss of American markets, said the European official, Smith Barney's Paris-based international economist.

European domestic demand "needs a further boost, if the imbalance with the U.S. is to go on improving without excessive sacrifices of output and employment in the economies of Europe," writes Christopher Johnson, chief economic adviser to Lloyds Bank in London, in the bank's latest International Financial Outlook.

"With a domestic growth rate only half that of Japan, Europe has room to offset the damaging effects of the reduction of the U.S. deficit," said Mr. Johnson.

Many economists fear that Europe will

find it much harder than Japan to replace lost exports through domestic growth.

OECD projections show domestic demand in Japan rising at an inflation-adjusted rate of between 3 and 4 percent in the next two years, against a bare 2 percent for Western Europe.

"Japan drew the correct conclusion last year and stimulated domestic demand, while Europe has not done so," said J. Paul Horne, Smith Barney's Paris-based international economist.

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Although many economists have cited the trade deficit as a leading cause of stock market jitters and the weaker dollar, Mr. Reagan said that trade deficits and inflows of foreign capital were "not necessarily a sign of an economy's weakness."

Historically, fast-growing economies often run deficits in the trade of goods and services, experiencing net capital investment from abroad," he said. "This predictable, and up-to-a-point desirable, process has been accentuated by slow growth in parts of Europe and the need for debt-ridden Third World nations to generate trade surpluses to service their debt."

Current dealers said Mr. Reagan

See MARKETS, Page 13

Settlers in West Bank Kill Palestinian Youth

By John Kifner

New York Times Service

BEITIN, Israeli-Occupied West Bank — A prominent Jewish settlement leader shot and killed a Palestinian teen-ager Monday in the first significant entrance of militant settlers in the occupied territories into the monthlong round of anti-settlement violence.

The West Bank itself appeared virtually deserted as shops closed and streets emptied, beginning a three-day general strike called in leaflets distributed Sunday night.

The leaflets, signed by the Palestinian National Movement, presented several demands, including the removal of the Israeli trade minister, Ariel Sharon, from his new apartment in the Moslem quarter of the Old City of Jerusalem and an end to Israel's "iron fist" policy, including deportations, to deal with the unrest.

The leaflets also called for the release of those arrested in the protests and an end to land expropriation and new settlement construction in the occupied lands.

Again Monday, there were rock-throwing demonstrations in the Gaza Strip and sporadic outbreaks at refugee districts and towns in the West Bank. Several areas were put under curfew, meaning tens of thousands of people were not allowed to leave their homes.

Two more Palestinians died of gunshot wounds on Monday, raising the casualties, counting the youth shot in Beitin, to 32 dead since the protests started Dec. 8.

Israeli television reported Monday night that a Palestinian was shot and killed in Khan Yunis in the Gaza Strip as he tried to grab a soldier's rifle. He was identified by the Palestinian Press Service as Mustapha Yousif Kadhir, 20.

There are roughly 60,000 Jewish settlers scattered in fortress-like but increasingly comfortable settlements in the West Bank and the Gaza Strip, land captured by Israel from Jordan and Egypt in the 1967 war.

Most of the settlers are members of militant nationalist and religious groups who advocate holding onto what they regard as biblical Israel. New bedroom suburbs clustered on the hills around Jerusalem have also attracted less-ideologically motivated settlers seeking a more comfortable way of life.

The settlers' movement has had emergency meetings in the last few days about the mounting Palestinian unrest, and the entrance of armed Jewish militants into the occupied lands.

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Most of

China's Leaders Ignore Proposal by Gorbachev For a Summit Meeting

By Edward A. Gargan
New York Times Service

BEIJING — China failed to respond Monday either officially or in the state-controlled press to an offer by Mikhail S. Gorbachev to hold a summit meeting with Chinese leaders.

The proposal, which was made in an interview with the Chinese weekly magazine *Liaowang*, was part of a broad discussion by the Soviet leader, the first by a Chinese periodical, that ranged over topics including U.S.-Soviet relations and efforts to restructure the Soviet economy.

On Monday, Chinese newspapers and the official press agency reported Mr. Gorbachev's comments on an array of subjects, but they pointedly omitted any mention of his summit proposal.

At the Foreign Ministry, officials declined to comment on the Soviet leader's remarks.

It was not the first time Mr. Gorbachev has suggested conferring with Chinese leaders. In December, he raised the possibility of meeting with Deng Xiaoping, who, though China's senior leader, holds only one formal post, that of chairman of the Central Military Commission. That offer was rejected, both by Mr. Deng himself and by a spokesman for the Foreign Ministry.

China has maintained that three conditions must be met before any discussions at the leadership level can occur: the Soviet Union must withdraw from Afghanistan; it must dramatically reduce its armed forces along the Chinese-Soviet border, and Vietnam, which is supported by Moscow, must pull its troops from Cambodia.

Several Western diplomats said Monday that they were not surprised at China's silence over Mr. Gorbachev's offer. They also said it was unlikely that there would be any substantial change in relations between the two countries.

As 1987 drew to a close, there was a flurry of discussions between Soviet and Chinese officials as well as several agreements signed between the two countries, including an annual trade protocol, a cultural-exchange agreement and an accord calling for the exchange of sportsmen.

Other contacts have also developed, though not without hitches. There has been a steady increase in the volume of trade between the two countries in border areas, although overall trade has remained relatively stagnant.

ISRAEL: Settlers Kill a Teen-Ager

(Continued from Page 1)
conflict could be a volatile new element.

Pinchas Wallerstein, leader of the Beni Ami regional council of settlements, which comprises 27 settlements in the area north of Jerusalem, and his bodyguard, Shai Ben-Yousef, both from the Ofra settlement a few miles east, were involved in the incident Monday, killing Raba Hussein Ghaneim, 16, and wounding another youth, according to the Israeli Army.

Arab villagers identified the second youth as Ziad Abdel Jallil, about 20, who was taken to a hospital in nearby Ramallah with bullet wounds in both legs.

"They were definitely acting in self-defense, according to our first findings," said General Amram Mitzna, the army commander in the West Bank. "Their car was blocked by burning tires and a group of rioters began to attack them with rocks at close range."

Palestinian witnesses in the tiny village of rocky fields and stone houses gave sharply different accounts. Although they did not know Mr. Wallerstein's name, they knew him by sight, identifying him as "the mukhtar of the Jewish in Ofra," using the Arabic term for a village leader.

Three witnesses, interviewed separately, gave similar accounts, saying 10 to 15 young men were preparing to set fire to tires on the road when the two settlers pulled up in a car. The settlers got out of the car and opened fire with automatic weapons, they said.

"I personally know Pinchas and Shai," General Mitzna said on the army radio station. "I know them well from cooperative work together. They are extremely well-versed in the rules of behavior, the directives and the orders. And this, of course, adds to the fact that I feel

Many analysts say they believe that Chinese-Soviet trade, which is conducted exclusively by barter rather than by purchases with hard currency, has reached a plateau. Neither China nor the Soviet Union wants to barter products to the other that could be sold abroad to earn foreign exchange, these analysts say, effectively dampening any possibility of real trade growth.

Similarly, a much-hyped agreement that Moscow would begin modernizing factories it built in China in the 1950s has withered, and fewer than a dozen of the 150 plants are scheduled for renovation.

Still, Western diplomats and other analysts attributed these agreements to a continual relaxation in relations between Moscow and Beijing. They point, for example, to the visit of the Soviet deputy foreign minister, Igor Rogachev, to Beijing in late December to brief Chinese officials on the results of the Reagan-Gorbachev talks, the first time a senior Soviet official has given such a briefing to the Chinese.

The United States has regularly briefed the Chinese on U.S.-Soviet exchanges.

Nonetheless, the Chinese publicly maintain that relations with Moscow are not likely to warm rapidly. Just last week, a spokesman for the Foreign Ministry, Ma Yuzhen, repeated his government's expectations.

"Over the past year," he said, "exchanges between China and the Soviet Union have increased to some extent in specific fields. As the three major obstacles have not been removed, no progress has been made in Chinese-Soviet political relations. China is willing to improve its relations with the Soviet Union and hopes that the Soviet Union will take practical action as soon as possible to remove such obstacles, particularly to urge Vietnam to withdraw its troops from Cambodia."

Despite such seemingly obdurate remarks, some diplomats suggest that there is, at least among a segment of China's foreign-policy establishment, a more flexible attitude toward Moscow.

"There hasn't been a dramatic shift in Chinese policy," a diplomat said, "but there has been a shift in attitude by analysis on the Chinese side who see the Soviet overtures not just as a tactical exercise but as a strategic shift in policy, a pulling back somewhat from outside obligations."



Charles Platiau/Reuters
Prime Minister Jacques Chirac, right, spoke with the U.S. defense secretary, Frank C. Carlucci, in Paris on Monday. Mr. Carlucci stopped in France en route to Washington after a tour of the Gulf.

U.S. Improving Kuwaiti Air Defense

By Joseph Fitchett
International Herald Tribune

PARIS — U.S. military teams are helping Kuwait improve its air defenses amid discussions of additional U.S. arms sales. Defense Secretary Frank C. Carlucci said Monday.

Mr. Carlucci, speaking en route to Washington at the conclusion of a Gulf tour, was asked if Kuwait wanted to buy new anti-aircraft missile systems. He said that he had discussed Kuwait's air defense needs and that "there are teams there helping with improvements."

The Kuwaitis' growing reliance on U.S. military support has muted their former outspoken opposition to a Western presence in the Gulf.

The Iranian threat to Gulf shipping has been reduced by the military actions of the United States and its European and Arab allies, Mr. Carlucci said. "The threat from mines has gone

down," he said. "The principal threat is from small boats attacking defenseless shipping."

Mr. Carlucci, on his only stopover in Europe, met with President François Mitterrand and other senior French officials. They gave assurances, Mr. Carlucci said, that the French force in the Gulf region — the second largest Western fleet — would not be reduced.

Mr. Carlucci met Sunday with President Hosni Mubarak of Egypt, who was in Saudi Arabia at the start of a Gulf tour before visiting Washington on Jan. 26.

Egypt had a "very positive" military role to play in support of the Gulf Arab states, Mr. Carlucci said.

The Gulf state's need for Egyptian assistance led them at an Arab League summit meeting in Amman last fall to end their diplomatic boycott of Egypt over its 1979 peace treaty with Israel.

Lloyd's Shipping Intelligence Unit identified one of the two "large naval targets" claimed by Iraq as the 137,895-ton Iranian shuttle tanker Kharh 3. Shipping sources said the other vessel hit Sunday apparently was a barge.

The Gulf state's need for Egyptian assistance led them at an Arab League summit meeting in Amman last fall to end their diplomatic boycott of Egypt over its 1979 peace treaty with Israel.

The management of U.S. policy is under growing pressure from forces as varied as cost-cutters in the Defense Department and congressional critics of Mr. Reagan's use of his war powers authority and because of the volatility of presidential election politics.

Nevertheless, Western ambassadors, Arab officials and analysts say the United States has achieved significant strategic and diplomatic objectives by carrying out the convoy operation in a sustained and carefully calibrated manner.

They say the convoys continue to demonstrate U.S. commitment to moderate Arab states, have won support and naval cooperation from European allies who were not consulted at the outset and have denied the Soviet Union a significant role in the strategic warway.

If the Americans left and the Kuwaitis felt threatened, "I'm convinced they'd bring in the Russians or try to," a shipping official said.

In addition, U.S. staying power and convoy management have engendered close working relations with Arab governments previously unwilling to cooperate with the United States after a legacy of disappointments over U.S. attitudes in the Arab-Israeli dispute and planned weapons sales to friendly Arab regimes that were scuttled by Israel's supporters in Congress.

They say that the only role for a major power like the United States is to protect 11 commercial shipping lines belonging to one country," an official said, "then in the long term that is bad for the credibility of the United States."

"If you say that the only role for the United States is to protect 11 commercial shipping lines belonging to one country," an official said, "then in the long term that is bad for the credibility of the United States."

"But if the American presence here is part of a policy to protect the vital interests of the West, to maintain the flow of oil, contain the violence and end the war, this is what people are looking for."

A Gulf Arab official.

Even with these positive results, the U.S. deployment remains untested, in the view of many officials, who say they fear that the loss of American lives could quickly wither U.S. resolve.

"Sooner or later," a European envoy said, "American sailors are going to die again in the Gulf, and that will be a very critical point for the American commitment."

Western sources said British and U.S. warships had become more active in the past two months in officially trying to extend the umbrella of protection to neutral ships under Iranian attack, but the U.S. attempts have been largely limited to providing helicopter rescue and other humanitarian assistance to tanker crews after Iranian attacks.

"The British are doing more," a Kuwaiti shipping official said. "They have actually confronted the Iranians and told them over the radio, 'Leave that ship alone.'

"But we haven't seen any indication that the Americans have done anything to stop an attack," he said. "On the contrary, we have seen them stand by and let the Iranians have a free hit."

Senior naval officials in Washington have argued that the United States would have to deploy even more naval resources to the Gulf to extend the umbrella of protection to neutral shipping, but warship commanders have asserted that they could broaden their mission using existing resources by simply putting Iran on notice that U.S. ships will intervene in any attack on neutral shipping.

The Soviet Union, which escorts

(Continued from Page 1)
say Farsi's speedboat forces are all but "neutralized" after U.S. helicopter gunships responded to shots fired in their direction by opening up with Gatling guns on one speedboat flotilla on the night of Oct. 8.

Ever since, "American helicopters have been sitting on those speedboats," a European ambassador said. "They are never alone."

Yet, the large expanses of the southern Gulf remain an Iranian shooting gallery for their retaliatory raids against neutral shipping.

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But, there's more: No other

flexible medical endoscopes

Small picture: Close-up of the microscope.

Large picture: Marine life.

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OPINION

INTERNATIONAL Herald Tribune

A Beginning on Debt

Major banks are reported to be unenthusiastic about the novel debt-relief scheme cooked up by Mexico and the Morgan Guaranty Trust Company. The reluctance of other big players may limit the scheme's effectiveness. But the Mexican arrangement still could open a promising new chapter in the Third World's crisis of overborrowing.

The plan acknowledges at last that some Mexican debt will never be paid off, but for the first time it guarantees that some of it will be. Thus Morgan and Mexico, with the Reagan administration finally in a direct role, have cracked the Third World debt gridlock. Total debt remains staggering: Brazil owes \$110 billion; Poland \$37 billion; the Philippines \$28 billion, and so on around the globe. The overall sum may top \$1 trillion. The Mexican deal is not the final answer for all debtors, not even Mexico. Rather, it breaks a path for more innovation.

The deal lets Mexico shed up to \$20 billion of its debt. It would use \$2 billion of its dollar reserves to purchase special U.S. government bonds. With accrued interest, they will be worth \$10 billion at maturity in 2008. These bonds will be the collateral for a new issue of Mexican bonds. The Mexican issue will go to banks that offer to retire the most debt — as much as \$20 billion, if banks were to take about 50 cents of guaranteed bonds for each dollar of old debt. That is the going price in markets where Third World debt is traded.

Keys to the deal are Mexico's willingness to deplete its reserves, and participating banks' willingness to waive some loans.

— THE NEW YORK TIMES.

Keep the Plan Alive

The Central American peace plan is a long way from being turned into reality, but a lot of Central Americans, including democrats, want to extend the deadline, and the five heads of government who are about to meet in San José will be under pressure to do that way. The risk is evident to everyone: drifting into a never-never land where pursuit of the plan becomes a cover for abandonment of the plan. Yet a Latin consensus favors holding to what has been gained and pressing for the extra steps that will make progress irreversible. No one wants to take responsibility for killing an initiative that remains, for all its failings, the region's best hope, and no one appears to have a better idea.

On compliance, no one should be too high and mighty. Among the signatories (which do not include the contras, as this was a plan made and signed by governments), the Sandinist regime has made only small gestures toward the inscribed goals of peace and democracy, and meanwhile it has become known that after it publicly signed the peace plan, it secretly signed with Moscow for a huge military expansion. But the United States — not a signatory but a guarantor — is in plain violation of the requirement to end outside aid; so are Nicaragua's patrons in Cuba and the Soviet

— THE WASHINGTON POST.

Other Comment

North America vs. Japan?

Japan must view with reservations the United States-Canada free trade agreement signed by President Ronald Reagan and Prime Minister Brian Mulroney. The agreement was hailed as a victory for free trade but it could be restrictive against third countries. International efforts are now being made to open world markets through the Uruguay round of the General Agreement on Tariffs and Trade. Therefore, why did the United States rush through this agreement? Some conjecture that this was a shrewd strategy. It is believed President Reagan intends to use the agreement as a bargaining tool in negotiations with third countries.

Japan should of course further open its market. However, the North American market will become virtually an exclusive economic bloc if the United States resorts to acts of trade reprisal. Japan must express strongly its concern to both nations.

Japan, with its huge trade surplus, has the greater responsibility in correcting the trade imbalance in the international market. It must act to make sure the United States-Canada agreement is not used as a weapon against its interests.

— Yomiuri Shimbun (Tokyo).

About the Brady Report

Nicholas Brady, who chaired [President Reagan's] Task Force on Market Mechanisms, is an experienced Wall Street banker and former senator. His report provides enough ideas for reform of market regulation to be worthy of serious study. Before getting too bogged down in detail, however, the rule makers should remind themselves that the underlying cause of the financial bleeding was the sickness of the American economy. The fall of one-third in share prices, which began in New York and was repeated around the world, was a symptom of that malady. Stock markets, in the end, are merely reflecting levels of confidence in the health of national economies.

— The Times (London).

The White House has made it clear that it intends no early action to carry out the recommendations [of the Brady report]. But since the measures proposed in the report are ill-defined, and the analysis on which they are based is debatable, delay is well-

— The Los Angeles Times.

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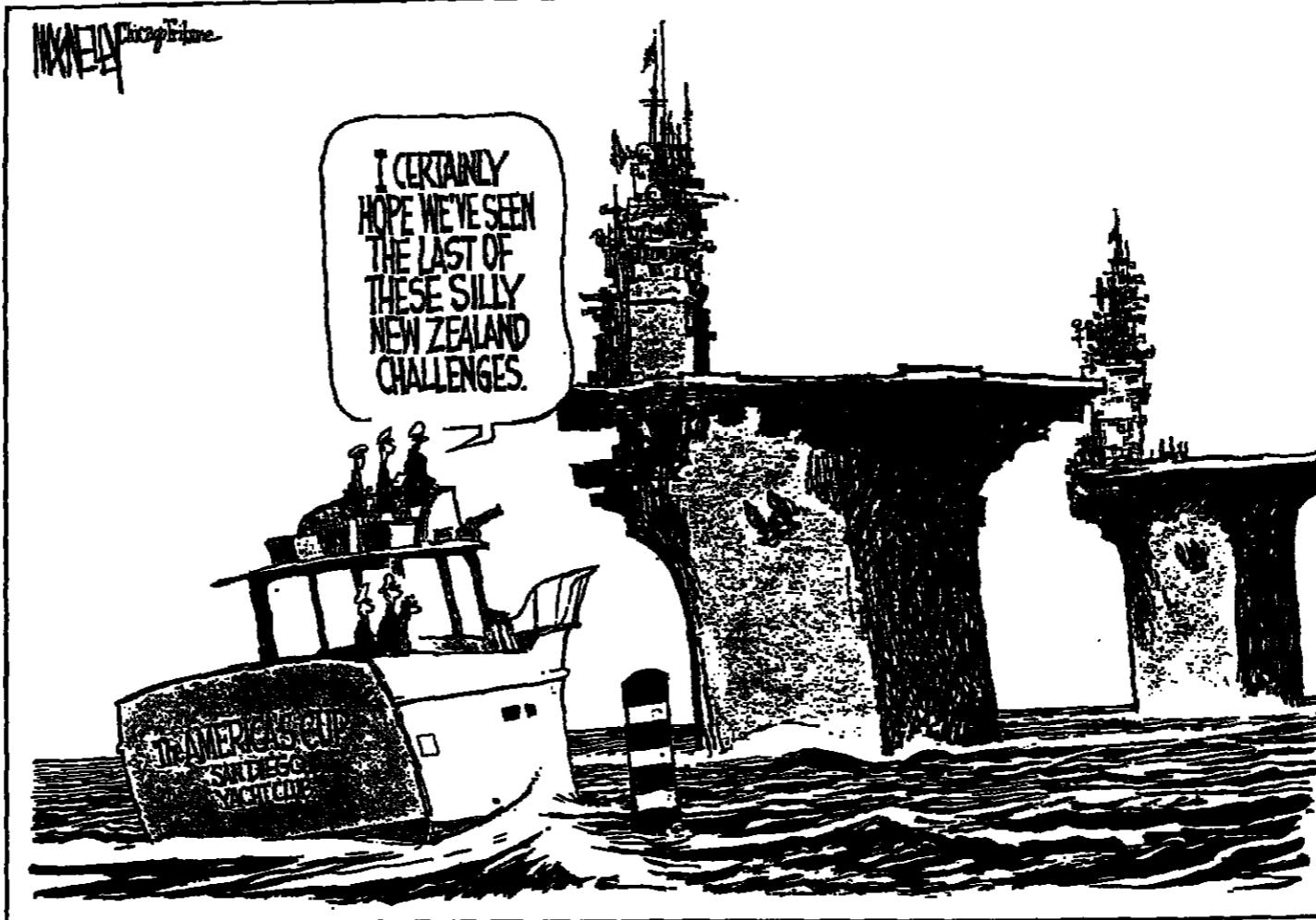
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Washington Should Start Changing Its Arsenal Now

By Kosta Tsipis

CAMBRIDGE, Massachusetts — So great are the excesses of the era of nuclear overkill that the U.S. and Soviet strategic nuclear arsenals can be reduced by 50 percent and more without risking security. Political, military and psychological reasons strongly point toward the wisdom of reductions; the time appears propitious on both sides.

But some experts are nervous about deep cuts, and they are right. Cuts must be made carefully, as in cancer surgery rather than amputation.

The closer the world comes to the minimum numbers of nuclear explosives needed for deterrence, the closer attention must be paid to the characteristics of the nuclear arsenal. An arsenal of 6,000 warheads or less must be structured differently from an arsenal of 12,000 warheads if an equal deterrent is to be maintained.

The key is crisis stability. To achieve this, nuclear arsenals must be structured so that neither nation could hope to destroy with a surprise

attack more of the other side's warheads than the number of warheads it would itself expend in attacking.

How should a U.S. nuclear arsenal, drastically reduced by agreement with the Soviet Union, be structured?

It should contain no multiple-warhead, land-based intercontinental ballistic missiles, and its sea-based warheads should be carried on small submarines bearing only a few missiles with a few warheads on each.

A land-based missile in a concrete silo is a fixed target. It takes two or at most three warheads per target to guarantee a reasonable probability of knocking out a missile in a silo. A land-based ICBM, with more than two warheads, is at least in principle, an attractive target and therefore destabilizing in a reduced strategic arsenal. The MX missile, with 10 warheads, is out of the question.

The U.S. sea-based deterrent stands at 5,620 warheads on 31 sub-

marines. If Washington agrees to cut its total of 12,000 warheads more than 50 percent, and wants to maintain the balance of the three legs (air, land and sea) of its strategy, that, it will have fewer warheads to deploy at sea. Since only half of U.S. submarines are at sea at a time, care must be taken not to limit the number of submarines carrying those warheads.

By previous agreement with the Soviet Union, for eminently sensible reasons, a missile on a submarine is counted as carrying the maximum number of warheads that it has ever been tested with. The U.S. Trident and Poseidon submarines carry up to 192 warheads. Thus current submarines are not suitable carriers; they place too many eggs in each basket, which means too few baskets with the total number of eggs cut.

If the U.S. administration is serious about significant nuclear cuts, it should begin to restructure its deter-

rent even while negotiations are underway. Toward this end, it should:

- Halt all development, testing, procurement, production and deployment of the MX and the Trident.

- Start research on a small, single-warhead, silo-based ICBM.

- Begin research on a small, quiet missile-carrying submarine with advanced nuclear propulsion able to carry no more than a 30th of U.S. sea-based missiles. That is, the total number of submarines must be about 30, so at least 15 are always at sea.

For example, if the long-range U.S. goal for the era of reductions beyond 50-percent cuts were a nuclear arsenal with 360 of its warheads based at sea, then America should design (and test) the new, small submarine to carry four missiles with three warheads each. If Washington chooses to plan for 600 sea-based warheads, each submarine should be designed to carry no more than 20 warheads.

In building a new, small submarine, the United States should have a strategic plan. Some experts on the Soviet Union have said Moscow aims ultimately for arsenals of 600 total warheads (a more than adequate deterrent, given the small number of weapons required to destroy either country). The U.S. strategic goal should be clearly in mind as Washington plans for security during the negotiation period and flexibility for the possibility of drastic reductions.

Two new classes of weapons carriers have been recommended to reduce nuclear arsenals without jeopardizing U.S. national security, risking the invulnerability of U.S. deterrent forces or increasing the temptation for a Soviet first strike.

Will these reductions thus increase the defense budget?

Not at all. The costs of research and development on the single-warhead ICBM and the small submarine would about equal the \$1 billion saved by canceling further production of the MX and Trident. When production is in sight, costs will rise, but by then, if all goes well, many older weapons will be retired, which will represent a substantial savings in operations and maintenance costs.

The writer is editor-in-chief of *The Manila Chronicle* and a leading political analyst in the Philippines. He contributed this comment to the International Herald Tribune.

Philippines: A New Question for the Press

By Amando Doronila

MANILA — A boycott by Filipino journalists has dramatized a difficult relationship that has developed between the government of President Corazon Aquino and the press. For four days last week, journalists stopped writing news about the president's activities, in protest against alleged discrimination in granting presidential interviews to foreign journalists.

Earlier in her 22-month-old presidency, reporters had better access to her. But there have been at least five coup attempts against her government, and last year sides tightened the security cordon around her, citing possible assassination attempts.

While the president is known to be sensitive to criticism about indecisive leadership and the drift of her government, she has not used her powers to crack down on the media. She has endured vigorous and sometimes irresponsible criticism.

The adversarial role of the press that is given so much value in stable Western democracies is a subject for soul-searching in the Philippines. We have a fragile democracy that is

struggling to survive in an economy devastated by the mismanagement and greed of the Marcos regime. An active Communist-led insurgency is committed to overthrow the Aquino government. The armed forces have been weakened by fascism, attempted coups and revolts.

In such a situation, there is a real risk that irresponsible media might create conditions for a successful rightist coup and reimposition of a regime that would once again stifle press freedom. Journalists are asking themselves whether they should exercise restraint when criticism might promote instability leading to the overthrow of the government.

The tension between Mrs. Aquino and the media is a test of whether the Philippines can evolve a compromise between press freedom and responsibility to safeguard democracy.

The writer is editor-in-chief of *The Manila Chronicle* and a leading political analyst in the Philippines. He contributed this comment to the International Herald Tribune.

Indochinese in America: The Second Wave Lags

By David Whitman

WASHINGTON — Stories of spectacular achievement by Indochinese refugees have become a staple of modern American folklore. Most people think of immigrants from Southeast Asia as honor students, flourishing entrepreneurs and well-industrious workers.

The facts are otherwise: As a group, recent Indochinese refugees are more likely to be poor, out of work and on welfare than any other ethnic group in the United States.

Their plight is so stark, and so little reported, that numbers illustrating

their dependency often provoke disbelief. Almost two-thirds of Indochinese households headed by refugees who arrived after 1980 live in poverty, and 69 percent are on relief. These refugees are three times more likely to be on relief than blacks, four times more likely than Hispanics.

Fresno, California, for example, is home to about 20,000 Hmong refugees from the highlands of Laos. Roughly 7 out of 10 are on welfare. Almost one-fifth of the county's \$210 million social service budget was spent last year on Hmong who make up one-thirtieth of county residents.

Their plight is so stark, and so little reported, that numbers illustrating

their dependency often provoke disbelief. Almost two-thirds of Indochinese households headed by refugees who arrived after 1980 live in poverty, and 69 percent are on relief. These refugees are three times more likely to be on relief than blacks, four times more likely than Hispanics.

Despite the billions of dollars of resettlement aid spent by the U.S. government, a significant minority of the refugees never accommodate their alienation and depression behind a mask of traditional courtesy.

In Boston, a severely depressed Cambodian man gave the Indochinese a large painting depicting the torture and murder of family members. Although his case was extreme — an inscription on the painting said 48 of his 49 relatives were killed by Pol Pot's troops — his enduring emotional problems are not unusual.

In a standard psychological test given to refugees in San Diego, 45 percent of adults showed distress symptoms serious enough to require treatment. That is four times the rate among the population at large.

The misfortune of the Indochinese runs counter to the common belief that permissiveness lies at the root of crime and poverty. No one, after all, questions that the Indochinese are polite and cherish hard work. Divorce and out-of-wedlock pregnancy are taboo among the refugees. Drug and alcohol abuse are minimal.

In the end, the value placed on

family and education by the refugees may prevent the Indochinese from becoming the next American underclass. Studies of illiterate Hmong indicate that they generally do quite well in school. Even when a refugee family is on welfare, one member typically has a job, enabling large families to pool resources to finance education and training.

Nao Chai Her, a former Hmong village leader who is now living on welfare with 14 family members in a three-bedroom apartment in San Diego, put it best: "In Laos we carry the children on our back when we farm. Here, when they are grown, they will pay the parents back."

The writer is an associate editor of U.S. News & World Report. He contributed this to The Washington Post.

100, 75 AND 50 YEARS AGO

1888: The Shows Go On

LONDON — During a few days of the New Year the fires at the Islington and Bolton theatres produced panics and booking offices sent out orders to keep the stalls and balconies from gaps. But the panic has subsided, and a survey of the places of amusement shows no lack of patronage, whether at the Islington World's Fair or at the Pigeon Show in the Crystal Palace, at the Aquarium, where the bone and muscle of the pugilists vie in attractiveness with the trained wolves and the skirts and leggings of the music hall dance; or at the theatres, where the Thespian performances are kaleidoscopic.

1938: A Waste of Fright

PARIS — The sigh of relief everyone breathed upon learning that "Baby planet" just missed smashing into the earth in October was just wasted breath, in the opinion of Ernest Esclangon, director of the Paris Observatory. There was no possibility that the object would have struck the earth, he said. According to reports from three observatories, the fleshing ball of stone or metal, some two miles in diameter, crossed the earth's orbit just five and one-half hours too early for a collision. Those who speculated upon the result of such a meeting asserted that much of mankind would probably have been destroyed.

A Country Like All The Rest?

By William Pfaff

PARIS — The fundamental conflict between the Soviet Union and the West has always resulted from the Soviet pose as a revisionist and revolutionary power. The promise that seems to lie in the policies of Mikhail Gorbachev is of "normalization" — that the Soviet Union will become a state like all the others.

Mr. Gorbachev says there is "a real, not speculative and remote, common human interest," thanks to nuclear weapons. The rivalry of capitalism and socialism "must be kept within a framework of peaceful competition which necessarily envisages cooperation." A "new dialectic of common human and class interests and principles" is required. Class confrontation today finds "an objective limit."

These are words, only words, but, as George Kennan observes, they are words "of great theoretical import" for a society which has been driven by ideology for 70 years and whose leaders find their legitimacy in ideology.

If the universalist and revolutionary claims of Leninism were revised, or allowed to lapse, relations between the Soviet Union and the West would undergo a fundamental change. There is little Western interest in interfering with Russia, so long as Soviet Russia's government refrains from interfering in other countries.

How the people who live in the various Soviet republics permit themselves to be governed is of little minor concern to the world at large. One may wish them well. One may deplore that so many people have been so misgoverned. Yet most nations are misgoverned; most people have too

Country
like All
the Rest?

William Pfaff

How a Right-Wing Pundit Assays the Case for Kemp

By William Safire

WASHINGTON — A recent profile in these pages (*IHT*, Dec. 31) — with the wistfully father to the thought — that Representative Jack Kemp would upset conventional wisdom and emerge as the Republican nominee has drawn the expected hoots of derision.

Vice President George Bush, with \$17 million raised and his name well known, has it in the bag, they say. Should Mr. Bush waffle in the arms-to-hostages ransom decision, cause widening doubts about his judgment, then Bob Dole of Kansas will be the one to denounce him in the first test in neighboring Iowa.

The rivalry of conservatism "must be kept up," they say. "A state like the Soviet Union is not an objective limit," says there the other, more conservative, candidate. "There are words, only words, but a great theoretical importance which has been given to us all. In the last months debate has been over peaceful coexistence, new dialects of class interests and the acquired. Class conflict is an objective limit."

Kemp, however, says there is a "lapse, relations between the West and the West world" and fundamental change. There is a "real interest in Soviet power" so long as Western governments refrain from other countries.

The people who live in the Soviet republics permit the government to rule them well. One may hope that they are not like the way they are not like the way they are or misgoverned, so as to prevent them from real revolution.

But that's his problem — I'm a libertar-



IS GREAT NEWS, COMRADE! BORIS AND I VOLUNTEER TO GO INSPECT U.S. MISSILES... ESPECIALLY IN FLORIDA.

IS DARK AND DIRTY JOB, BUT SURELY, THAT'S IT!

DANZIGER The Christian Science Monitor

Stop Calling Australia 'the Last Frontier'

By Peter Robinson

SYDNEY — Next week brings the 200th anniversary of European settlement in Australia. In these days of mass tourist inflows, led by Americans and Japanese, the continent is once again being described as the last frontier. It is a phrase that has been particularly favored by Americans.

In the roughness of much Australian life, and the replication of some aspects of their society, Americans see a kind of romantic throwback to the age of innocence of the United States.

Inherent in this idea is the notion that

the opportunities for individual enterprise, accumulation of wealth, swash-buckling commercialism and rapid industrialization that characterized America in the late 19th and early 20th centuries could be repeated or bettered in Australia's frontier environment.

Frontier? Most Australians, settled in or near cities and towns, find the idea hard to take seriously. About two-thirds of their continent is arid and inhospitable. They live mainly in the coastal zones where rain is more plentiful.

Americans tend to see Australia as a country that has never opened its vast lands to free and entrepreneurial development. The Japanese, and perhaps other Asians, give every sign of being mesmerized by a similar perception. Australia, they note, is so big and yet

ble in a state of inalterable preservation.

In fact the United States is much richer in unexploited resources than is Australia. It still has a social ethos, a culture, with genuine roots in the frontier tradition. It has more remaining frontiers in the sense of natural, social and commercial challenges, than ever seem likely to be opened up in that

The Japanese are further removed from the frontier spirit than the Americans. Hokkaido, Japan's second biggest island, is still regarded as a "territory," as is the Northern Territory in Australia. Hokkaido has been largely undeveloped since the turn of the century because Japanese do not want to settle in that kind of frontier environment.

It is ludicrous for any Japanese to talk about developing land overseas while only a fraction of Hokkaido's potential is under cultivation. Its indigenous people, the Ainu, are more oppressed and exploited than Australia's aborigines.

Australia is not the last frontier. It has become a bourgeois society, not one dominated by unpredictable change and constant challenge. That is our problem.

The writer is a columnist for *The Australian Financial Review* and a former editor and Tokyo correspondent of that newspaper. He contributed this comment to the International Herald Tribune.

MEANWHILE

spectacularly ignorant about the skills, agonies and work that have made Australia an economic entity. They have no idea of the hostility of the land and its ecology, or of the relentless cycle of drought, bushfires, floods, hardship and loneliness that early settlers suffered. They are also ignorant of the technological developments that led to export trade in wool, meat and wheat.

Plenty of romantic Australians are also obsessed with the myth of the last frontier. Their ignorance is less defendable. Many of them tend to think of the country as a sort of museum where social, political and industrial codes handed down in years past must at all costs be retained for the benefit of future generations and where everything must be retained, as far as possi-

ble. It is the duty of friends of Israel and the Palestinian people to urge their leaders toward compromise, negotiation and settlement. It took all the power and might of the United States, plus the vision of Anwar Sadat, to bring peace between Israel and Egypt. It will take more, not less, to achieve the same between Israel and the Palestinians.

ROBERT M. KELLEY.

Dhahran, Saudi Arabia

M. SHAFIK GABR.

Cairo.

Regarding the Washington Post editorial "Arbitrary Expeditions" (Jan. 5):

Israel does occupy territories obtained in the 1967 war. I would like to point out, however, that Israel was attacked and that the occupation of the territories was not wholly voluntary.

The areas were originally kept by Israel in hopes that they could one day be used as a bargaining chip during peace talks, as the Sinai was used. Because the areas are occupied under military jurisdiction, the legal system is forgotten?

It is not unlike the administration by the North in the South after the U.S. Civil War. To expect Israel to function like the United States during peacetime is a fantasy, for Israel is in fact operating under war conditions and the legal ethics the editors would like to impose upon Israel are totally unrealistic.

Israel is a democracy, yet one besieged by internal strife, rampant political bickering and constant external threat. Those who constantly force a U.S. perspective on civil rights and democracy onto a 40-year-old country that

is under the kind of strain the United States was under in the 1860s exhibit lack of insight about the problems in the occupied territories. I am not defending the use of excessive force by Israel; I am asserting Israel's right to handle its affairs without the additional burden of attacks from its supposed allies.

MICHAEL PARSONS.

London.

The letters (Dec. 31) against factual photos of Israeli soldiers beating up demonstrating children are no less absurd than the pretended anti-Israel slant of your paper. The International Herald Tribune has been consistently, some would say exaggeratedly, pro-Israeli.

By printing these pictures it continues to be pro-Israeli, since the IHT, like many of us Jews and many non-Jews, would seem to believe that Israel should be saved from its leaders and from such horrors. Those who dislike seeing children being beaten up and killed by Israeli Jews should pressure the Israeli authorities so that the sad reality reflected by such documentation may disappear.

MAXIM GHILAN.

Paris.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

GENERAL NEWS

A Sure Loser

T HAT Jack Kemp's positions have not won him more respect from likely Republican voters shows that the party has not lost its collective mind.

As a general-election candidate, Congressman Kemp has the making of a Republican.

George McGovern, the

surest of sure losers.

One school of thought maintains

that Mr. Kemp has not caught on be-

cause he is too liberal for the party.

He is too close to the "Reagan revo-

lution" and too far from the

party's center of gravity.

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Panel Majority Says Managua Fails in Peace Plan Obligation

By Stephen Kinzer
New York Times Service

MANAGUA — With less than a week until Central American presidents meet to assess five months of progress toward regional peace, three of the four Nicaraguans appointed to monitor the compliance of the Sandinist government with the new peace accord say it has not met its obligations.

Since the accord was signed in Costa Rica on Aug. 7, the Sandinists have eased restrictions on dissident groups and permitted the opposition newspaper *La Prensa* to reopen. But they have refused to take other steps required under the accord, such as allowing press freedom, issuing a broad amnesty, or ending the state of emergency that curtails civil rights.

The Sandinists say they are under no obligation to make such changes as long as the U.S.-backed contra guerrillas continue to use bases in Honduras. The accord requires that such bases be closed.

Last week, three of the four members of the National Reconciliation Commission assigned to monitor compliance with the accord said the Sandinists would have to take major new steps before the Jan. 15 meeting to show good faith. Only the government member, Vice President Sergio Ramirez Mercado, maintained that the Sandinists were already in compliance.

"I had hoped that by now there would at least have been a genuine amnesty and an end to the state of emergency," said Mauricio Diaz

David, who represents opposition parties on the commission. "I have become very pessimistic. My hopes are dim."

"The Sandinistas say they don't have to go any further until Honduras closes down the bases that the contras use there, and strictly speaking they are correct," Mr. Diaz said in an interview Friday.

"But Nicaragua is in the most desperate situation because we are paying such a high price in blood. I am praying that the Sandinistas will do something dramatic before Jan. 15 in order to change the equation." Mr. Diaz and other politicians in Managua expect that at the meeting in Costa Rica this week the five presidents will agree to postpone deadlines for compliance.

"From the moment deadlines are extended, the process begins to die," Mr. Diaz said. "It will become just like *Condorada*."

The *Condorada* peace initiative, begun by Panama, Mexico, Colombia and Venezuela, was started five years ago. Despite innumerable meetings and exhortations it was not able to attain its goal of pacifying Central America.

Nicaragua and Honduras are not the only countries that have failed to live up to the August peace accord. Discussions between Guatemalan rebels and government officials collapsed after one meeting, and the civil conflict in El Salvador has continued.

Nicaragua's Roman Catholic primate, Cardinal Miguel Obando

y Bravo, who heads the reconciliation commission, issued a lengthy statement last week charging that the government had not substantially changed its policies in recent months.

"Since the creation of the National Reconciliation Commission," the cardinal declared, "a vast range of human rights violations has been reported, ranging from physical and psychological tortures to atrocious murders and including persecutions, unjust imprisonments, refusals to obey the Supreme Court, abuses of authority, killings of peasants, harassments, mistreatment of prisoners, kidnappings perpetrated by state security agents, the existence of secret prisons, etc., etc."

A front-page editorial in the pro-Sandinist newspaper *Nuevo Diario* on Saturday described Cardinal Obando's statements as untrue and irresponsible.

The cardinal also is serving as mediator in indirect talks between the Sandinist government and the rebels, and he has urged the government to agree to face-to-face talks. Thus far, the government has rejected his suggestion.

Most of the demands made by opposition parties to take part in a government-run "national dialogue" have also been ignored or denied. Among them were proposals to limit presidents to a single term, name an official human rights investigator and set up an independent body to oversee elections.



CHAMORRO REMEMBERED — About 10,000 anti-Sandinist protesters took to the streets of Managua on Sunday in the largest anti-government demonstration since the Sandinists came to power in 1979. They carried a poster of Pedro Joaquin Chamorro Cardenal, the publisher of La Prensa whose murder 10 years earlier helped spark the popular revolt against the Somoza regime. Mr. Chamorro was an advocate of press freedom, which has been curtailed by the Sandinists.

Fear Stops Colombia's Fight Against Drug Barons

By Alan Riding
New York Times Service

BOGOTA — Demoralized by corruption and virtually paralyzed by fear, Colombia's courts have signaled their unwillingness to continue fighting the country's powerful drug barons.

Their latest message came with the release from jail here late last month of Jorge Luis Ochoa Vazquez, who is reputed to be a major cocaine trafficker and is wanted on an array of criminal charges in the United States.

Throughout last year, other judicial decisions favorable to cocaine mobsters confirmed that organized crime had succeeded in either bribing or intimidating many key judges, from the Supreme Court to local tribunals.

"It's not an exaggeration to say that the legal system as we once knew it has broken down," a senior government official said. "Even where there are honest judges, they are too scared to act."

More than 50 judges, including a dozen Supreme Court justices, were murdered from 1981 to 1986. Judges handling drug cases are still bombarded with death threats.

Many politicians, police officers and journalists also have been murdered since 1984 for daring to challenge the power of the so-called Medellin Cartel, which is said to account for 70 percent to 80 percent of cocaine exported to the United States.

But judges are the most vulnerable because, on the rare occasions that major drug suspects are arrested, it is the job of the judges to decide the fate of the accused.

"The judges are usually given the choice of a big payoff or a bullet," the official said.

Faced by the near-impossibility of obtaining a guilty verdict in an important drug trial in Bogota, the United States and Colombia came to regard a 1979 extradition treaty as their main anti-drug weapon because it permits Colombian traf-

ickers to be sent to the United States for trial.

But Colombia's Supreme Court ruled in June that the treaty could not be applied because its imple-

mentation legislation had been im-

properly adopted. As a result, it has been suspended.

So the 24-member Supreme Court advised the government of President Virgilio Barco Vargas to send new implementing legislation to the Colombian Congress for approval. But the government has not done so because the legislators, caught in the same world of threats and bribes, seem unlikely to act.

With new legislation discounted, the focus has switched to alternative legal ways of extraditing suspected drug traffickers, although neither the Supreme Court nor the government seems eager to assume responsibility for such decisions.

The Supreme Court has ruled that extraditions could take place under an 1888 extradition treaty.

From our point of view, it doesn't make much difference which instrument is used in the case of extraditions to the United

States," Phillip McLean, the U.S. chargé d'affaires in Bogota, said in an interview, "but the 1888 treaty is arguably the more straightforward approach.

But the justice minister, Enrique Low Murtra, arguing that the 1888 treaty was revoked by the 1979 treaty, says that an inter-American accord of 1933 known as the Montevideo Convention should be used. This requires, however, that the Supreme Court approve each extradition and, in effect, share responsibility with the government for the actions.

The United States, which repeatedly urged the Barco administration to find ways of extraditing Mr. Ochoa after his arrest on driving charges in November, has endorsed use of the 1888 treaty for the very reason that it avoids involving the Supreme Court.

"Why is the government acting in such a weak and cowardly way in dealing with the drug mafia?" asked Francisco Bernal, head of the narcotics division in the attorney general's office. "It's because so many politicians are involved in the racket."

Trial Tests U.S. Law On Ethics

By George Lardner Jr.
Washington Post Service

WASHINGTON — Lyn Nofziger, a Reagan loyalist who waited 14 years for his man to become president, went on trial Monday in U.S. District Court on charges of illegal lobbying. Jury selection started Monday.

The trial of the former top aide to President Ronald Reagan promises to be hard fought. It is the first major test of the Ethics in Government Act's "one-year rule" banning former high-ranking government officials from lobbying at their old agencies on certain matters within a year after leaving the government.

According to sources, prosecutors proposed that Mr. Nofziger plead guilty to a single count in return for dismissal of all other charges against him and his partner, Mark Bragg, who was indicted for aiding and abetting Mr. Nofziger, they said, refused twice.

"If they want to make me a felon, they're going to have to prove it," an acquaintance of Mr. Nofziger's quoted him as saying.

In pretrial hearings stretching back to last summer, the prosecution has prevailed on almost every contested issue.

Mr. Nofziger contended that the one-year rule was an unconstitutional restriction of his right to free speech. Judge Thomas A. Flannery rejected the complaint.

Mr. Nofziger said he had no criminal intent. Mr. Flannery held that the law is a "public welfare" statute. It was Mr. Nofziger's duty, the judge said, to find out what his obligations were.

Even simple facts are in dispute. Mr. Nofziger, who left the White House in January 1982 to go into consulting, faces trial on four felony counts of illicit lobbying, twice on behalf of the Wedtech Corp., twice more on behalf of other clients: Fairchild Industries and the Marine Engineers Beneficial Association, a labor union.

The most publicized charge concerns Wedtech and its efforts in 1982 to win a no-bid \$32-million army engine contract. The company nailed down the award following a White House meeting in May 1982 arranged by James Jenkins, the top deputy to Edwin Meese 3d, then the president's counselor. Mr. Bragg attended the session. Mr. Jenkins received a follow-up letter signed by "Lyn," asking for Mr. Jenkins's help in securing a letter of intent from the army.

Mr. Nofziger has said he cannot remember signing the letter. A handwriting analysis was inconclusive.

Soviets Hint At Afghan Move in May

The Associated Press

MOSCOW — The Soviet Union could begin withdrawing its troops from Afghanistan by May 1 if United Nations-sponsored negotiations next month are successful, Pravda said Monday.

But while the government has reiterated its commitment to fight the drug racket and last week issued arrest warrants for Mr. Ochoa and four other suspected leaders of the Medellin drug ring, it seems to be hesitating in defining an effective strategy.

"Why is the government acting in such a weak and cowardly way in dealing with the drug mafia?" asked Francisco Bernal, head of the narcotics division in the attorney general's office. "It's because so many politicians are involved in the racket."

The Kremlin intervened in Afghanistan on Dec. 27, 1979.

An estimated 115,000 soldiers remain to prop up the Kabul government against a nationwide insurgency.

Negotiations between Afghanistan and Pakistan, where the U.S.-backed rebels are based, are scheduled to resume under UN auspices next month in Geneva.

According to the Soviets, documents prepared for the talks require the Soviet Union to begin its pullout 60 days after a settlement is reached.

The United States, in turn, would be bound to stop furnishing weapons to the insurgents.

"If the Geneva agreements are successfully signed by March 1 — and the Afghan side, judging by everything, intends to strive for this — then May 1 could become the starting date for the withdrawal," Pravda said.

Add to this an unexpected climb in the price of copper, Chile's main export, and the economic outlook

Strong Economy Buys Pinochet Hopes in Vote

As Opposition Charges Repression, He Hammers at Theme of Growth

By Juan de Onis
International Herald Tribune

SANTIAGO — President Augusto Pinochet is counting on Chile's copper-lined economic recovery to help him win the presidential plebiscite this year.

After 14 years of military dictatorship, political campaigning is about to begin. The opposition, led by the Christian Democrats and Democratic Socialists, hope to mobilize a majority of the 6.5 million potential voters to vote "no" to further military rule.

The issues on which confrontation turns are political and economic. The opposition is profiting from the repressive nature of the regime, which has an internationally condemned record of human rights violations, including political assassinations and torture.

The regime tries to capitalize on economic successes.

General Pinochet, 72, has not been formally nominated by the junta as the candidate for the plebiscite, which probably will be held in September. But he is campaigning as if he were already the choice, and he has mounted his own campaign team of military officers and civil bureaucrats working for a "yes" vote.

He hammers away at two campaign themes. One is that his continuation in power will prevent a takeover of Chile by "international communism." The other is that he promises to continue economic policies under which Chile has grown while most Latin American countries have been mired in debt and inflation.

General Pinochet is one of the few Latin American leaders who can run for popular election on his economic record. In recent elections in Argentina, Peru and Bolivia, the voters have turned against democratically elected incumbents, mainly in protest over economic issues. In Brazil, economic failures have generated widespread opposition to President José Sarney.

For each of the past two years, Chile's economy has grown more than 5 percent, the best performance in Latin America. *Inflation* has been held at an annual rate of about 23 percent, compared with a Latin American average of 150 percent. Unemployment has declined and consumer spending is up.

Exports climbed to nearly \$6 billion last year, a record, with agricultural and industrial exports added to Chile's customary dependence on mining for its foreign earnings.

The report in the Soviet Communist Party daily was the latest indication from the Soviet leadership that it is seeking to end its military presence in Afghanistan by the end of 1988.

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Add to this an unexpected climb in the price of copper, Chile's main export, and the economic outlook

is buoyant. Copper is at its highest levels since 1974, the year after the military overthrew President Salvador Allende. Last year, copper fell to 60 cents a pound. On the Commodity Exchange in New York, copper for delivery this month is quoted at about \$1.32 a pound.

General Pinochet has many economic resources and the opposition few.

The high price of copper and Chile's low debt service payments this year provide money that can be used for public spending, which helps General Pinochet's political campaign.

For instance, just before Christmas, General Pinochet announced a "bonus" of about \$10 in December paychecks for 2,285,000 civil servants, pensioners and recipients of unemployment benefits.

A low-cost housing program providing as much as \$2,000 for purchase of houses or building materials has been set up for workers and peasants.

Pinochet supporters cite these popular measures in their campaign for the "yes" vote.

But the economic benefits have not been evenly spread. Workers' wages are low, and labor negotiations are restricted. If voter registration, now at 3.6 million, reaches six million before the plebiscite is held, Western diplomats say the opposition could give General Pinochet a real challenge.

"Pinochet can be beaten under the military's own rules if the plebiscite is honest," said Gabriel Valdés, a Christian Democratic leader.

A political opinion sample gathered in December for the opposition by a respected, independent research organization indicated that only 23 percent of the voters said they would vote "yes" to giving General Pinochet another eight years in power. The poll showed 42 percent said they would vote "no" and the remaining 35 percent were undecided.

Czech Chief Hails Soviets On Change

By Felicity Barringer
New York Times Service

MOSCOW — Miloš Jakes, the Communist Party leader of Czechoslovakia, arrived in Moscow on Monday offering praise for "restructuring and democratization" but leaving publicly vague how closely he will follow Mikhail S. Gorbachev's blueprint for change.

In an exchange of toasts at a Kremlin dinner on Monday night, Mr. Jakes said, "Like the Soviet people, we in Czechoslovakia are seeking to further perfect socialism through all-round restructuring and democratization."

The Soviet press agency Tass, which carried portions of his remarks, said Mr. Jakes made reference to the recent meeting of the Czechoslovak Communist Party, which has adopted a program of change that Western diplomats describe as noticeably less ambitious than Mr. Gorbachev's.

Until his selection as party leader in December, Mr. Jakes held high office in the government that took over after the Soviet-led invasion in 1968 crushed the "Prague Spring." But as a leading Czechoslovak economic manager, he has shown willingness to inject new life into his country's economy, according to Western diplomats.

His approach, they said, reflects the political culture that nurtured him for the last two decades, a culture that virtually banned the very word "reform."

"He is making an attempt to reform the economic mechanism and try to come to a greater effectiveness in the economy," a European diplomat said, "but without even trying to go the way of letting intellectuals or the masses to criticize" failings in the system.

"When he speaks of democratization, it's just the economic process, without the idea of greater openness," the diplomat said. "It's still far away from that because they still fear the trauma of Prague Spring."

Mr. Jakes, 65, was chosen to replace Gustav Husák, 75, on Dec. 17. Mr. Husák had served as party leader since the ouster of Alexander Dubcek in 1968.

ARTS / LEISURE

An Actors' Haven Threatened

By Elizabeth Neuffer

New York Times Service

Yankee Copper is at its best since 1974, the year after it overthrew President Ford. Last year, copper costs a pound. On the New York Stock Exchange in New York for delivery this month is about \$1.32, a pound. Pinochet has many supporters, and the price is few.

The high price of copper is a low debt service picture for public spending. General Pinochet's policies, for instance, just before Chile's general election, announced an increase of about \$10 to Chile's pension and retirement benefits. Employment benefits are as much as \$2,000 for houses or building units. It was a home for actors," said Jon Richards, an 84-year-old retired Broadway actor who has lived at the Whithby since 1964. "We walked in, and we walked in among friends, among family."

Residents say the changes at the Whithby, at 325 West 45th Street, are even more spread. Workers are restricted. If you now, now at 3.6 million, are not before the election, Western diplomats say, could give General Pinochet a real challenge.

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Felicia Barringer

New York Times Service

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are part of the tide sweeping Eighth Avenue. Faded apartment buildings have become glittering homes, and corner delicatessens have become gourmet shops. Soon they say, their building will no longer be a haven for young performers living on limited budgets.

The Whithby, its residents say, is not just any apartment building.

Since 1923 it has been home to generations of struggling chorus girls, traveling jazz musicians, theater stars and Broadway hopefuls.

Whithby lore has it that Doris Day lived there, as did Betty Grable.

Now, like so many theaters and buildings in New York City, the Whithby faces change. The brick building's owners are trying to sell its 200 apartments as cooperatives.

Should 15 percent of the apartments be sold by summer, the building would go co-op, they say, ultimately altering its affordability and its bonhomie.

It was a home for actors," said Jon Richards, an 84-year-old retired Broadway actor who has lived at the Whithby since 1964.

"We walked in, and we walked in among friends, among family."

Residents say the changes at the Whithby, at 325 West 45th Street,

"With the tenants' association, they got a lot of improvements," said Lynda Lynch, a resident who was a dancer in "Pajama Game" in the mid-1950s, "but a lot of tradition went down the hole."

Yet even now Whithby traditions continue, with actors known to practice lines in the laundry room and to trade theater tips in the hallways.

Residents tell of refusing to call a repairman when the elevator would glide unsummoned to the sixth floor, a phenomenon they attributed to ghosts of actresses who had died there. Most days, Cecile Chauveau, a French singer, has a tea party in the lobby with her pet pigeon Pousson and Wally Radeau, a former female impersonator and vaudeville actor.

On a recent chill winter afternoon, Chauveau served tea in mismatched china cups and saucers while her pigeon stood on Radeau's shoulder and preened itself. As tenants after tenant — including Marjorie Howard, a former acrobatic dancer whose first role was as a cat — came through the building's revolving door, they paid their regards.

"If I sit here long enough, somebody always brings me something,"



Sally DeMay, actress, with her collection of movie and theater star photos in her Whithby apartment on West 45th Street. Don Hogan Charles/The New York Times

The Death of a Dancer Who Thought He Was Invincible

By Jennifer Dunning

New York Times Service

FORT SMITH, Arkansas —

When he was eight years old, Patrick Bissell jumped off a 30-foot-high diving board, even though he did not know how to swim.

"He could do anything and usually would," his father, Donald Bissell, said last week, sitting in his home outside Fort Smith. "I think looking back, that he was willing to pay the price for anything, as long as he could do it." Bissell and his wife, Patricia, said that their son developed a sense that nothing could hurt his body. "I believe that's why he thought he was invincible to drugs," Mrs. Bissell said.

On Dec. 29, Patrick Bissell, a principal dancer with American Ballet Theatre and once one of the most promising American dancers of his generation, was found dead in his apartment in Hoboken, New Jersey. He was 30. Although a medical examiner's report on the cause of death is not expected until later this week, many of his friends and family have said they believe that drugs played a major role.

That death prompted new changes of extensive drug use in the dance world, made by Mr. and Mrs. Bissell and by Geisley Kirkland, the ballerina who wrote of Patrick Bissell's cocaine use in her autobiography, "Dancing on My Grave." Dancers and dance administrators dispute the charges. Nevertheless, the controversy has raised the question of whether performers and others in highly competitive fields have a special vulnerability to drugs.

It's never been proven, but I think everyone believes that to be the case," said Dr. Charles Rohrs, medical director at Phoenix House, a Manhattan drug rehabilitation center. "It's an enormous generalization, but we certainly see a fair number of people with drug problems. It's not uncommon to have these problems when you're working in highly specialized areas requiring unique talents. What we see is people getting into big drug problems when the season is over."

Dr. Lawrence J. Hatterer, a psychiatrist and professor of psychiatry at Cornell Medical School, and a specialist in the treatment of per-

formers, said he agrees that people in the arts, as well as in sports and other intensely stressful professions, may be more vulnerable to drug abuse, though he said that no studies have been done in a controlled, scientific manner, comparing people in different fields.

What led a young artist of such promise and achievement, described by many who knew him as a person of outstanding charm, good-naturedness and generosity, to sabotage his life and career?

His parents remember Patrick as a gifted athlete, a child who, from his earliest years, seemed to disregard physical risk. His youth, they said, was filled with feats of recklessness daring that sometimes involved considerable pain.

He was also something of an ext

remist, hitchhiking across the country on the spur of the moment

at age 14 to visit his sister, Susan, and study dance in San Francisco.

He also showed signs of being a troubled young man, being dismissed from one school and frequently changing schools.

Patrick began to study ballet at 10, when Susan decided she was going to develop him as a partner.

"We found out a few years ago that was paying him with her allowance," Mrs. Bissell recalled.

The boy was soon performing with a ballet company in Toledo, Ohio. Two years later he was noticed by Edward Villella, who encouraged the Bissells to enroll Patrick in a performing arts boarding school. A year followed at the National Academy of Dance in Champaign, Illinois, from which he was dismissed for behavior problems.

There was a year at the North Carolina School of the Arts in Winston-Salem, which he left when he was told he would have to pay more attention to his academic studies.

He moved on to the School of American Ballet, in Manhattan, from which he graduated in 1979, dancing lead roles in three of the four ballets performed by the school in its annual workshop. At the same time, Bissell was a corps dancer with ABT and after three months there he was dancing the lead male role in "La Bayadere."

"Patrick always had a very strong and easy technique," Mikhail Baryshnikov, ABT's artistic director, said recently. "Probably one of his troubles was that everything was easy for him. He had a natural ease in dance."

In the end, some people gave up trying to help. "At a certain point, one stops giving to people when one can't," Martine van Hamel, a

ballerina with Ballet Theatre, said.

"He was an extremely good partner," van Hamel said. "Very insincere, very strong. He was always there. He was very giving. And through all that he was going through, I always felt secure. I never felt he'd drop me or disappear.

But he got sort of wired. It was hard to communicate with him, and he found it very hard to listen to people. There was not so much give and take. He was still generous. He still wanted to do the same things.

He wanted to. But he was not the same person."

Looking back, Mr. Bissell spoke regretfully of separations from the family because of his work as a chemical engineer and frequent moves around the country. Mrs. Bissell, who had five children within six years, worries that harshly treated herself as a child, she was too harsh on her own son.

Most of all, they said, their ignorance about the drug culture of the early 1970s contributed to their naivete about the trouble Patrick was in. According to his mother, he began taking drugs at 14.

Hatterer is working on a study to determine high-risk patterns for

drug addiction. Among the characteristics he said contribute to a pre-disposition are perfectionism, an inability to deal with failure and rejection, and an inability to balance work and play schedules and pain and pleasure responses. Low self-esteem and an incapacity to deal with frustration are also cited by Lee Saltz, a family psychologist in private practice in Manhattan, and, like Hatterer, a professor of psychiatry at Cornell Medical School.

"We are living in a culture where you take a pill for pain or frustration," he said. "You don't deal with it."

And Hatterer suggests that the incidence of drug addiction in the arts parallels that in society at large, where drug taking, he says, is on the increase. "Our culture is an addictive one," he said.

In varying degrees, many of the patterns the researchers are finding could be found in Bissell.

"He was never satisfied with the little hill he climbed," Mrs. Bissell recalled. "Every time he got somewhere, he looked to the next obstacle. And he had to be the best in everything he did."

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World Flowers That Bloom in New York

By Joan Lee Faust

New York Times Service

flowers in bulk and display them in big buckets.

A careful examination of the bunches on display will tell you which flowers are freshest. And it's a good idea to lift a bunch to see how many stalks you will be getting for the price.

The freshest flowers should have firm petals that do not droop and leaves that appear green and full. If the leaves are thin — or worse, wilty — don't buy.

Monday's NYSE Closing

Tables include the nationwide prices up to the closings on Wall Street and do not reflect late trades elsewhere.

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21%	1%	PovPch	10	13	10	10	10	10	10
24%	2%	PovPch	11	11	10	10	10	10	10
60%	2%	Penny's	1,48	36	52	41	41	41	41
41%	2%	Penny's	1,49	36	52	41	41	41	41
25%	2%	PoPfL	2,48	50	65	49	49	49	49
25%	2%	PoPfL	2,49	50	65	49	49	49	49
10%	2%	PoPfL	2,50	51	66	50	50	50	50
25%	2%	PoPfL	2,51	52	67	51	51	51	51
10%	2%	PoPfL	2,52	53	68	52	52	52	52
10%	2%	PoPfL	2,53	54	69	53	53	53	53
10%	2%	PoPfL	2,54	55	70	54	54	54	54
10%	2%	PoPfL	2,55	56	71	55	55	55	55
10%	2%	PoPfL	2,56	57	72	56	56	56	56
10%	2%	PoPfL	2,57	58	73	57	57	57	57
10%	2%	PoPfL	2,58	59	74	58	58	58	58
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10%	2%	PoPfL	2,92	93	108	92	92	92	92
10%	2%	PoPfL	2,93	94	109	93	93	93	93
10%	2%	PoPfL	2,94	95	110	94	94	94	94
10%	2%	PoPfL	2,95	96	111	95	95	95	95
10%	2%	PoPfL	2,96	97	112	96	96	96	96
10%	2%	PoPfL	2,97	98	113	97	97	97	97
10%	2%	PoPfL	2,98	99	114	98	98	98	98
10%	2%	PoPfL	2,99	100	115	99	99	99	99
10%	2%	PoPfL	300	101	116	100	100	100	100
10%	2%	PoPfL	301	102	117	101	101	101	101
10%	2%	PoPfL	302	103	118	102	102	102	102
10%	2%	PoPfL	303	104	119	103	103	103	103
10%	2%	PoPfL	304	105	120	104	104	104	104
10%	2%	PoPfL	305	106	121	105	105	105	105
10%	2%	PoPfL	306	107	122	106	106	106	106
10%	2%	PoPfL	307	108	123	107	107	107	107
10%	2%	PoPfL	308	109	124	108	108	108	108
10%	2%	PoPfL	309	110	125	109	109	109	109
10%	2%	PoPfL	310	111	126	110	110	110	110
10%	2%	PoPfL	311	112	127	111	111	111	111
10%	2%	PoPfL	312	113	128	112	112	112	112
10%	2%	PoPfL	313	114	129	113	113	113	113
10%	2%	PoPfL	314	115	130	114	114	114	114
10%	2%	PoPfL	315	116	131	115	115	115	115
10%	2%	PoPfL	316	117	132	116	116	116	116
10%	2%	PoPfL	317	118	133	117	117	117	117
10%	2%	PoPfL	318	119	134	118	118	118	118
10%	2%	PoPfL	319	120	135	119	119	119	119
10%	2%	PoPfL	320	121	136	120	120	120	120
10%	2%	PoPfL	321	122	137	121	121	121	121
10%	2%	PoPfL	322	123	138	122	122	122	122
10%	2%	PoPfL	323	124	139	123	123	123	123
10%	2%	PoPfL	324	125	140	124	124	124	124
10%	2%	PoPfL	325	126	141	125	125	125	125
10%	2%	PoPfL	326	127	142	126	126	126	126
10%	2%	PoPfL	327	128	143	127	127	127	127
10%	2%	PoPfL	328	129	144	128	128	128	128
10%	2%	PoPfL	329	130	145	129	129	129	129
10%	2%	PoPfL	330	131	146	130	130	130	130
10%	2%	PoPfL	331	132	147	131	131	131	

Mondays

AMEX

Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low Stock	Div. Yld.	PE	52-Week High	Low	Close	Chg.	Chg. %
124	6% ASI	11	19	74	59	60	-1	-2%
187	4% ABM G	12	19	75	59	60	-1	-2%
9	4% AIFG	12	15	75	59	60	-1	-2%
144	5% AIFG	12	15	75	59	60	-1	-2%
124	4% AIFG	10	21	44	59	59	-1	-2%
74	2% AAI	10	21	27	24	24	-1	-4%
44	1% AAI	10	21	27	24	24	-1	-4%
31	2% AAI	10	21	27	24	24	-1	-4%
245	5% AAI	10	21	27	24	24	-1	-4%
95	5% AAI	10	21	27	24	24	-1	-4%
519	120% AAI	10	21	27	24	24	-1	-4%
124	2% AAI	10	21	27	24	24	-1	-4%
245	5% AAI	10	21	27	24	24	-1	-4%
95	5% AAI	10	21	27	24	24	-1	-4%
519	120% AAI	10	21	27	24	24	-1	-4%
124	5% AAI	10	21	27	24	24	-1	-4%
245	5% AAI	10	21	27	24	24	-1	-4%
95	5% AAI	10	21	27	24	24	-1	-4%
519	120% AAI	10	21	27	24	24	-1	-4%
124	5% AAI	10	21	27	24	24	-1	-4%
245	5% AAI	10	21	27	24	24	-1	-4%
95	5% AAI	10	21	27	24	24	-1	-4%
519	120% AAI	10	21	27	24	24	-1	-4%
124	5% AAI	10	21	27	24	24	-1	-4%
245	5% AAI	10	21	27	24	24	-1	-4%
95	5% AAI	10	21	27	24	24	-1	-4%
519	120% AAI	10	21	27	24	24	-1	-4%
124	5% AAI	10	21	27	24	24	-1	-4%
245	5% AAI	10	21	27	24	24	-1	-4%
95	5% AAI	10	21	27	24	24	-1	-4%
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124	5% AAI	10	21	27	24	24	-1	-4%
245	5% AAI	10	21	27	24	24	-1	-4%
95	5% AAI	10	21	27	24	24	-1	-4%
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245	5% AAI	10	21	27	24	24	-1	-4%
95	5% AAI	10	21	27	24	24	-1	-4%
519	120% AAI	10	21	27	24	24		

CURRENCY MARKETS

MARKETS: Reagan and Central Banks Attempt to Calm Jitters

(Continued from Page 1)
Mr. Reagan's comments follow the release Friday of the presidential commission report into the October market collapse. The report said two events "triggered" the decline: the unexpectedly high U.S. trade deficit, which had pushed interest rates higher, and pending tax bills designed to discourage corporate takeovers.

"This initial decline ignited mechanical, price-insensitive selling by a number of institutions ... and a small number of mutual fund groups," the report said.

Answering another question after his speech, the president reiterated that he wants a stable dollar.

European dealers said that the West German, Italian and French central banks had intervened when the dollar was testing low, just above 1.63 Deutsche marks. The Federal Reserve Board, the U.S. central bank, bought dollars at around 1.6350 DM; dealers

concerned intervention has had in stabilizing the dollar last week.

Senior central bankers, leaving a meeting at the Bank for International Settlements, the central bank clearing house, said they had discussed ways to ensure intervention would continue to be successful when needed.

Dealers were obviously wary of getting caught on the wrong side of a transaction by the central banks.

"There is no point in trading for a 20 basis points gain when the risks of getting 'ripped off' are 50 basis points," said Roger Allen, a corporate dealer at EBC-Amro, referring to the hundreds of a unit in which currencies are traded.

Most traders saw the dollar remaining confined to a narrow range until the U.S. trade figures are released.

Economists generally expect the deficit to narrow to about \$15 billion from October's record \$17.63 billion. However, one trader said, forecasts extend as high as \$20 billion and as low as \$10 billion.

In London, the dollar fell to 1.7055 Swiss francs from 1.7053 on Friday.

London Dollar Rates

Source: Reuters

said, while the Bank of Japan had been buying dollars in Asian trading.

The intervention lifted the dollar off its lows, but the U.S. currency still finished only slightly higher in New York from Friday's closing levels, after dropping in Europe.

The dollar closed in New York at 1.6405 DM, up slightly from 1.6385 on Friday, and at 1.645 yen from 128.35. It was unchanged at 1.3405 Swiss francs and ended up to 5.5388 French francs from 5.5315.

The British pound was largely steady at \$1.8185 from \$1.8190.

Central bankers attending a routine meeting in Basel, Switzerland, said that they were broadly satisfied with the effect that their

EUROPE: In the World Economic Squeeze, the EC May Be Hurt Most

(Continued from Page 1)
president of the DIW institute in West Berlin, one of Germany's leading independent economic research groups.

Slow growth is not the only problem. Many economists believe that Europe is still handicapped by "rigidities" such as inflexible labor markets and excessive regulation, which prevent it from adapting to changing world conditions as fast as the United States of Japan.

The persistence of these problems, particularly in France and Germany, "make adjustment very difficult," said Mr. de Menil. Europe, he added, now faces the kind of competition from Pacific countries that had previously threatened the United States, but would not cope with it so well.

OECD officials share these views, as do many German economists and businessmen.

"If the Europeans do not learn that they now have a common responsibility for the world economy, and that they now have to make their contribution, they will be in difficulties," said Hans-Jürgen Krupp,

Many believe that the lack of European competitiveness is "somewhat of a time bomb" for the years ahead, he said.

According to OECD figures for unit-labor costs, the United States was about 8 percent more competitive in 1987 than in 1978. Japan was at about the same level, and West Germany was 7 percent less competitive.

However, officials at the European Community's Executive Commission said Europe was the only major trading partner of Japan to increase its exports to Japan significantly last year.

The EC was also cushioned by the fact that it exported more to neighboring countries in Europe

than it did to the United States, the Commission officials argued.

West Germany, which has relied very heavily on exports to the United States "will be in the front line of firing," according to Mr. O'Brien. But Europe as a whole should not be too disrupted by the adjustment process, provided it expands its economy, he said.

Governments, however, are by no means universally convinced that a concerted boost to European demand is necessary, let alone politically or economically feasible. West Germany, which by common agreement would have to lead such a move, actually appears to be leaning in the opposite direction for fear of rekindling inflation.

For one thing, other materials, ranging from optical fibers to plas-

tic, have replaced these metals in many applications, and their cost has not risen nearly as much.

In addition, other factors, such as falling oil prices, are keeping inflation down.

Also, wages rose less than 3 percent last year, according to Data Resources Inc., an economics consulting firm. Competition from low-wage countries could help keep a lid on wages in the United States, some analysts say.

Still, many economists and busi-

nessmen argue that basic metals prices are a cause for concern. They are now climbing at an annual rate of 10 percent, according to Data Resources.

Even among businesses whose

costs have not been affected, the

increases can raise overall fears about inflation, inducing them to raise prices to play it safe.

"Metals prices have a dispropor-

tionate impact on inflation expecta-

tions for the economy as a whole," said Roger E. Brinner, chief economist at Data Resources.

Supplies of copper, nickel and

steel have already tightened signifi-

cantly. Many metals producers cut

back sharply on capacity during

the early to mid-1980s because of

oversupply.

The U.S. copper industry has cut

production capacity by 15 percent

since 1982. In addition, political

unrest or the depletion of some

mines has resulted in a drop in the

output of such key copper-producing

countries as Peru, Chile, Zam-

bia and Zaire.

Nickel production in noncommu-

nistic countries has dropped 10

percent in two years. At the same

time, demand from domestic pro-

ducers of stainless steel, which con-

sumes nearly 80 percent of the nick-

el used in the United States, has

increased by 15 to \$100

a ton in the past two months to

cover its higher steel costs.

High Metals Prices Fuel U.S. Fears of Inflation

Rising Costs Passed on to Consumers

By Jonathan P. Hicks
New York Times Service

NEW YORK — While economists debate whether another bout of inflation is on the way, Louis R. Cooper, the manager and owner of Cooper Plumbing & Heating in Ossining, New York, thinks it has already arrived.

In the past few months, the price of copper has been rising at an accelerating pace, and manufacturers of copper plumbing pipe have passed the increase on to Mr. Cooper.

The price of copper tubing jumped 30 percent in just the last few weeks, he complained.

While Mr. Cooper has also raised his prices, he can do nothing about contracts he had signed with builders before the latest rise. "I have to absorb the costs," he said.

Over the past year, the price of copper has soared to more than \$1.40 a pound from about 60 cents a pound. Nickel has been trading at about \$3.80 a pound, compared with \$1.60 a year ago. And the price of semifinished steel has climbed 5.2 percent in a year, according to WEFA Group, an economics consulting firm.

For metals producers, who had suffered for several years from low prices, rising prices are a relief. But the higher prices have begun to affect other sectors of the U.S. economy, raising the costs of everything from automobile radiators to extension cords and from plumbing equipment to copper cookware.

The prices of copper, steel and nickel do not necessarily mean that high inflation is about to return. The Consumer Price Index rose only about 3.7 percent in 1987, and

the consensus among economists is that it will climb by only 4 percent to 4.5 percent this year.

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a ton in the past two months to

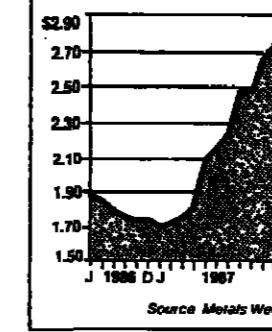
cover its higher steel costs.

The construction industry's produc-

Metal Prices and Inflation

Nickel

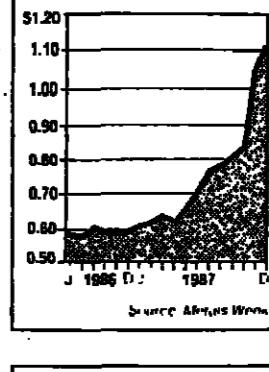
New York dealer cathode price per pound.



Source: Metals Week

Copper

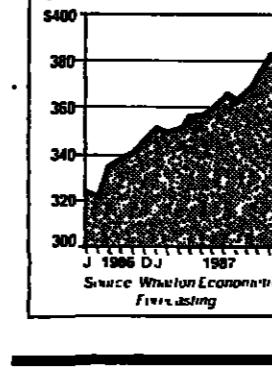
Comex price per pound



Source: Metals Week

Steel

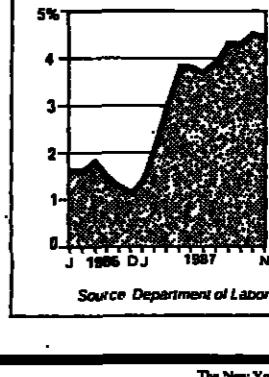
Hot rolled carbon sheet, price per ton.



Source: Metals Week

Inflation

12-month change in the consumer price index.



Source: Department of Labor

The New York Times

The construction industry ac-

counts for 41 percent of U.S. consumption of copper, which is used principally for plumbing.

"Our costs for plumbing work have gone up about 10 percent in recent months," said Donald E. Bennett, vice president of Bennett Builders, a home builder in Westerville, Ohio. "That gets passed on to the home buyer."

Analysts differ on the outlook for the metals, with some predicting that demand and prices will fall by midyear and others that higher prices will persist until at least the end of the year.

Monday's OTC Prices

NASDAQ prices as of 4 p.m. New York time.

This list, compiled by the APB, covers the 1,200 stocks traded on the Nasdaq system. It is updated twice a week.

Via The Associated Press

Used on next page

NEW HIGHS

NEW LOWS

NEW RECORDS

NEW LOWS

NEW RECORDS

NEW HIGHS

NEW LOWS

NEW RECORDS

NEW HIGHS

NEW LOWS

NEW RECORDS

NEW HIGHS

NEW LOWS

ART BUCHWALD

'Righter Than Rain'

WASHINGTON — While all of us were having a good time over the holidays, eight U.S. Supreme Court Justices were hard at work boning up on one of the most complicated First Amendment cases in history.

The issue concerns Larry Flynt of Hustler magazine (hoooo) who lost a lower court decision to Jerry Falwell (yeayyyy) for causing the good reverend emotional distress by parodying him in a fake advertisement.

A lower court ruled that the ad, which said Falwell had sexual relations with his mother in an outhouse, did not libel him, but hurt Falwell's feelings to the tune of \$200,000.

Let the Supreme Court record show I am not a reader of Hustler magazine, nor do I stand at the magazine racks sneaking looks at it when no one is around. The only thing I have in common with the publication is we're both protected by the First Amendment.

It has to be granted that ludicrous exaggeration is a tricky business and if done properly can inflict great pain and suffering on the intended victim.

That is why Supreme Court Justice Louis Brandeis once said in a footnote, "Parody can sometimes be truer than truth and wiser than law."

If Falwell gets his \$200,000, how many others will file suit claiming they have been made sick to the stomach by some creator of burlesque?

Flight From Antarctica

New York Times Service

McMURDO STATION, Antarctica — Seventeen years after it crashed on takeoff at a remote site in the Antarctic, a skinned Hercules aircraft, outfitted with overhauled engines and propellers, took off again Sunday. But the exhilaration at the feat of recovering the plane was tempered by the loss Dec. 9 of a Hercules that was carrying parts for the plane, killing two Navy men and injuring nine others.

It isn't the money we worry about — most cartoonists and funny men make between \$80,000 and \$90,000 a year — but the chilling effect that a decision in Falwell's favor will produce among publishers and editors, who have never been too sure whether they wanted satire in their papers in the first place.

Without a Doonesbury, our publications would take on the ugly gray, dull look of a Pravda. John Marshall, our fourth Supreme Court Chief Justice, had this in mind when he told the graduating class of the Harvard Law School — "The Founding Fathers warned us that you can't make fun of Jerry Falwell, then how can anyone send up Tammy Bakker?"

What do I want the present Supreme Court to do? I want them to compromise.

There are solutions that would satisfy everyone. It means fooling around with the Constitution a little bit, but no court ever minded that. I suggest the following:

The Supreme Court should order people dealing in parody, satire and humor to be licensed by the federal government and placed under court supervision.

Let us say Ed Meese objects to a Herblock cartoon because Herb has made Ed look like a barnyard animal.

Meese, if he gets emotionally sick, can demand the immediate withdrawal of Herb's license for a period of 10 days, or the rest of his term as attorney general — which ever comes first.

Under these conditions Block would think twice about putting jowls on Ed Meese's checks.

It isn't easy being on the same side of an issue as Larry Flynt. But a lot is at stake here. As Justice Hugo Black tried to tell the court years ago, "You have to defend cheap, sleazy magazines to protect the constitutional rights of the expensive sleazy ones."

I believe it is the role of the parodist to make fun of every well-known figure in this country, regardless of position, sex, pay scale or standing in the community — with one exception. They would have to first beat me with a rubber hose before I made light of the eight freedom-loving justices who smile down on all of us from the highest court in the land.

The Queen of Mariachi Music

By Larry Rohter
New York Times Service

MEXICO CITY — Throughout Mexico, across much of the rest of Latin America and among more than 12 million Mexican-Americans in the United States, she is known simply as La Reina — The Queen.

For 35 years, Lola Beltrán has reigned over mariachi music with passion and grace. In more than 100 record albums that set the standard by which all other singers in the idiom are measured, she has fired the hopes and soothed the hardships of the millions of peasants, workers and migrants.

"My lot in life has been to sing, and I have been fortunate enough to sing for Eisenhower, Nixon, de Gaulle, the King of Spain and the United Nations," Beltrán said in a recent interview here, just after returning from performances in Madrid, Paris and Brussels. "But I sing no differently for them than for that great public whose affection for me is like a fountain that never dries up."

Some of Beltrán's songs, such as "Black Dove" and "Bed of Stone," have virtually become part of the Mexican landscape, blaring from radios in dusty marketplaces or sung by blearily-eyed drinkers in cantinas. But her dark, keening voice, extraordinary mastery of technique and unparalleled purity of expression have also influenced a generation of vocalists and musicians, foreign as well as Mexican.

"Singers don't come any more real than Lola Beltrán," said the American pop star Linda Ronstadt, whose widely praised new album "Songs of My Father" contains several tunes associated with Beltrán. "She's a world-class singer, up there rubbing shoulders with Billie Holiday and Edith Piaf."

In the United States, mariachi has been saddled with the image of a quaint and artificial music. But the real mariachi, an umbrella term that embraces such sub-styles as ranchera, corrido and huapango, is imbued with fatalism and a strong sense of place, not unlike the best of American country and western music.

"The Great Lola," as Beltrán is also popularly known, came naturally to that medium. The daughter of a mine manager and "a mother who was a housewife and sang in a beautiful soprano around the house," she was born in the northwestern Mexican state of Sinaloa. At home, she would listen to XEW, a Mexico City radio station that was the home base of the Mariachi Vargas, Mexico's most famous ensemble.

"Music always came before anything else," she said as she prepared for a performance, wrapped in a black mink stole and tugging intermittently at a strand of pearls. "When I wasn't sitting at the foot of a tree singing, I was on the front porch of the house singing or on the swings or at church singing. Music was always there."

In 1953, Beltrán, still a teenager and with her mother as her chaperone, came to Mexico City to seek her fortune. Armed with a secretarial certificate, she got a temporary job at XEW.

Passing by the studio as the Mariachi Vargas group was rehearsing, "I banged on the glass



Lola Beltrán: "Music always came before anything else."

and begged to be admitted." Beltrán recalled, "I pleaded with them to let me sing just one song, and finally they relented."

Beltrán ended up singing three songs that day, impressing not only the Mariachi Vargas, but also Tomás Méndez, a songwriter who would go on to write many of her most famous songs. Her career was launched, and within a year she was well on her way to becoming the biggest female star that mariachi music had ever known.

Then, as now, Beltrán benefited not only from her remarkable vocal gifts and regal bearing, but also from an impeccable sense of how to choose material best suited to her voice and style. Many of her most beloved songs, such as "To the Four Winds" or "If You Should Return," evoke the feeling of the Mexican countryside through images of birds and trees, or tug at the heartstrings by confronting feelings of separation, loneliness, and abandonment.

"When I hear a song, I want it

to tell me something," she said. "I want it to be well structured and well proportioned. It can tell the story of a great love or of a tremendous sadness, but it has to have emotion and truth. The song has to make it worth my while to sing it."

Beltrán's recording success eventually led her to the movies, and from the late '50s on, she starred in one Mexican musical after another. All told, she has appeared in 53 films of varying quality as a singer or as an actress — a differentiation she finds meaningless.

"Any good singer is already an actress," she said. "If you're doing things properly, you are projecting, and as you project, people are feeling the drama and the emotion that pours out of you."

Singing to an audience of Chicanos and migrant workers in Texas or in Mexico City to recent arrivals from the countryside, she often reduces listeners to tears with songs like "Three Days": "Three days without seeing you, woman, three days alone, wondering when I will go home." Those working-class audiences, she agreed, are the most responsive and the ones she most enjoys singing for.

"The expressions on their faces can be so lovely," Beltrán said. "They sit there looking so serious, and then sometimes after a while their eyes suddenly start to glint."

"But my objective is not to make them cry," she added. "It is to please them, to have them enjoy themselves, but also to tell them truths."

By the time she finished her hour-long performance after the interview, the audience of soft-drink bottlers, noisy at first, more intent on talking and drinking than really listening to the music, is not only rapt, it has grown by several dozen people. Cooks and waiters have emerged from the kitchen to listen, and even some of the chambermaids from the floors above have sneaked down to the ballroom to hear her.

"You see," Beltrán says as she comes off the stage, fanning herself as her wardrobe places a rebozo over her shoulders. "That's how you do it: gently and smoothly, with surrender, tenderness and love."

PEOPLE

Redford's Soviet Show

Robert Redford has accepted an invitation from the Soviet Film-makers Union to hold a festival of his movies in Moscow this spring. Redford will screen and discuss six to eight of his films, probably in May. A Redford spokesman said, "The films have not been chosen."

The matinee ticket at the Gerwig Theater in New York was worth a little extra Sunday. It also was a wedding invitation. The bridegroom, a cast member of the Broadway musical "Starlight Express," kept his costume of role-skates and armor on as he exchanged vows with his wife, a teenage sweetie on stage after the Sunday matinee. The ceremony was a combination of traditional show biz that drew tears from many in the audience, which had been invited to stay after the day's performance for the wedding of Steve Fowler and Loreta Gila Fowler, who plays Poppa the steam train, skated away after the performance to remove the gray hair and makeup. The cast skated back onstage, forming a semicircle, and Fowler returned to the vows. His father, the Reverend John O. Fowler of White Rock Baptist Church in Mount Vernon, New York, performed the 20-minute ceremony, drawing a laugh from the audience when he asked the bride to promise to obey. After the ceremony, the newlyweds sang "I Have Dreamed," from "The King and I." The bride had been in the cast of that show, in the same theater.

A.M. Rosenthal, the former executive editor of The New York Times, has been named editor-at-large by G.P. Putnam's, the book publishers. He will continue to write the Times column he began after retiring as executive editor.

The American photographer Robert Cameron, co-author with Pierre Salinger of "Au Dessus de Paris" (Above Paris), a collection of aerial photographs of the French capital, was awarded the Medaille de Vermeil by the city of Paris on Monday. Cameron has done similar books on Washington, San Francisco, Yosemite, London, Hawaii, Los Angeles and New York.

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